

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2589 – Unemployment Insurance Tax Changes (LSB 5470 HV)
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Fiscal Note Version – New

Description

House File 2589 changes the employer penalty for each delinquent or insufficient wage report to \$35. The Bill also requires employers to pay a fee of \$30 and costs associated with any payment that is not honored when presented to a financial institution. The Bill further requires employers to pay the costs associated with service of a subpoena by the Department of Workforce Development. Employers that refuse or negligently fail to honor a subpoena are to be penalized \$250. The Bill takes effect January 1, 2009.

Background

The penalty for each delinquent or insufficient wage report is currently \$10 for the first report, \$25 for the second report, and \$50 thereafter.

Assumptions

- The number of first-time delinquent or insufficient wage reports will remain constant for FY 2009 at the estimated FY 2008 level of 14,000, and be reduced to 12,600 for FY 2010.
- The number of second-time delinquent or insufficient wage reports will remain constant for FY 2009 at the estimated FY 2008 level of 8,000, and be reduced to 7,200 for FY 2010.
- The number of second-time delinquent or insufficient wage reports will remain constant for FY 2009 at the estimated FY 2008 level of 5,000, and increase to 6,000 for FY 2010.
- The number of payments that are not honored when presented to a financial institution will remain constant at an estimated 120 annually, with a cost of \$1.75 each.
- The costs associated with the service of a subpoena will remain constant at \$6,800 annually.
- Employers that refuse or negligently fail to honor a subpoena will remain constant at an estimated 110 annually.
- The Department will utilize \$18,000 of the increased revenue for 0.35 of an FTE position during FY 2009 and \$10,000 for 0.25 of an FTE position during FY 2010.

Fiscal Impact

House File 2589 will increase the net revenue to the Special Employment Security Contingency Fund by an estimated \$179,000 for FY 2009, and \$325,000 annually beginning in FY 2010.

Sources

Iowa Department of Workforce Development

/s/ Holly M. Lyons

March 12, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
